

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**
Mount Horeb, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

Accountants' Compilation Report	1
Tax Incremental District No. 4 – Balance Sheet	2
Tax Incremental District No. 4 – Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments	3
Tax Incremental District No. 4 – Historical Summary of Sources, Uses, and Status of Funds	4
Notes to Financial Statements	5 – 8
Supplemental Information	
Tax Incremental District No. 4 – Detailed Schedule of Sources, Uses, and Status of Funds	9
Tax Incremental District No. 4 – Detailed Schedule of Capital and Administrative Expenditures	10

ACCOUNTANTS' COMPILATION REPORT

To the Village Board
Village of Mount Horeb
Mount Horeb, Wisconsin

Management is responsible for the accompanying Balance Sheet, Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and Historical Summary of Sources, Uses, and Status of Funds of the Village of Mount Horeb's Tax Incremental District No. 4 ("district") as of and for the year ended December 31, 2015 and from the date of creation through December 31, 2015, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the *Accounting and Review Services Committee* of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As discussed in Note 1, the financial statements present only the transactions of the district and do not purport to, and do not, present fairly the financial position of the Village of Mount Horeb as of December 31, 2015, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economical, or historical context.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 12, 2016

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
BALANCE SHEET
As of December 31, 2015

ASSETS

Cash and investments	\$ 111,810
Taxes receivable	<u>70,011</u>

TOTAL ASSETS	<u>\$ 181,821</u>
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**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND FUND BALANCE**

Liabilities	
Accounts payable	\$ 1,903
Advances from other funds	<u>67,046</u>
Total Liabilities	<u>68,949</u>

Deferred Inflows of Resources	
Unearned tax revenues	<u>70,011</u>

Fund Balance	
Restricted for TIF districts	<u>42,861</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 181,821</u>
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**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From the Date of Creation Through December 31, 2015

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital and administration	\$ 6,671	\$ 517,349
Interest on long-term debt	4,355	31,606
Total Project Costs	11,026	548,955
PROJECT REVENUES		
Tax increments	54,758	432,351
Payment in lieu of taxes	487	487
Exempt computer aid	2,669	15,811
Investment income	751	2,797
Total Project Revenues	58,665	451,446
NET COST RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2015		\$ 97,509
RECONCILIATION OF RECOVERABLE COSTS		
Long-term debt outstanding		\$ 140,370
Less: Fund balance		(42,861)
NET COSTS RECOVERABLE THROUGH TAX INCREMENTS DECEMBER 31, 2015		\$ 97,509

See accompanying notes to financial statements and accountants' compilation report.

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2015

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ 54,758	\$ 432,351
Payment in lieu of taxes	487	487
Exempt computer aid	2,669	15,811
Investment income	751	2,797
Debt issued	-	433,000
Total Sources of Funds	58,665	884,446
USES OF FUNDS		
Capital and administration	6,671	517,349
Principal on long-term debt	17,966	292,630
Interest on long-term debt	4,355	31,606
Total Uses of Funds	28,992	841,585
Excess of sources of funds over uses of funds	29,673	42,861
FUND BALANCE - Beginning of Period	13,188	-
FUND BALANCE – END OF PERIOD	\$ 42,861	\$ 42,861

See accompanying notes to financial statements and accountants' compilation report.

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Mount Horeb's Tax Incremental District No. 4 (the "district") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The Village of Mount Horeb has implemented accounting principles generally accepted in the United States of America to the extent they apply in determining the scope of the activity of Tax Incremental District No. 4. The accompanying financial statements reflect all the significant operations of the Village of Mount Horeb's Tax Incremental District No. 4. The accompanying financial statements do not include the full presentation of the Village of Mount Horeb.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of Village of Mount Horeb's Tax Incremental District No. 4. The summary statements were prepared from data recorded in the capital projects fund and the long-term debt of the district.

Detailed descriptions of the purpose of these funds and long-term debt can be found in the Village of Mount Horeb's basic financial statements.

The data was consolidated for purposes of this report. Therefore, the amounts shown in the accompanying statements will not directly correlate with amounts shown in the basic financial statements.

The districts were created under the provisions of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the district. The tax on the increased value is called a tax increment.

The statutes allow the districts to collect tax increments until the net project cost has been fully recovered, or until 20 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the Village of Mount Horeb. Project costs may be incurred up to five years before the unextended termination date of the district.

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 4	September 24, 2007	September 24, 2022	2027

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. BASIS OF ACCOUNTING

The modified accrual basis of accounting was followed in the preparation of these statements. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Project costs, other than interest on long-term debt, are recorded when the related fund liability is incurred.

District increments are recorded as revenues in the year due. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the village is entitled to the aids.

Special assessments are recorded as revenues when collected. Annual installments due in future years are accounted for as receivables and unavailable revenues. There were no special assessments receivable as of the date of this report.

Other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. MEASUREMENT FOCUS

The measurement focus of all governmental funds is the funds flow concept. Under the funds flow concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unavailable or unearned revenue or as nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

E. PROJECT PLAN BUDGET

The estimated revenues and expenditures of the district are adopted in the project plan. Those estimates are for the entire life of the districts, and may not be comparable to interim results presented in this report.

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. LONG-TERM DEBT

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are shown in the long-term debt footnote disclosure.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

G. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1m) and 67.11(2).

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The district, as a fund of the village, maintains separate and common cash and investment accounts at the same financial institutions utilized by the village. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the Village of Mount Horeb as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

NOTE 3 – LONG-TERM DEBT

A. GENERAL OBLIGATION DEBT

All general obligation notes and bonds payable are backed by the full faith and credit of the Village of Mount Horeb. Notes and bonds borrowed to finance the districts' expenditures will be retired by tax increments accumulated by the TIF District No. 4 fund. If those revenues are not sufficient, payments will be made by future tax levies.

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

NOTE 3 – LONG-TERM DEBT (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

Title of Issue	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Repaid	Balance 12-31-15
2008 Promissory Note	06/20/08	02/15/13	3.10%	\$ 258,000	\$ 258,000	\$ -
2013 State Trust Fund Loan	1/10/13	3/15/22	2.75%	175,000	34,630	140,370
Totals				<u>\$ 433,000</u>	<u>\$ 292,630</u>	<u>\$ 140,370</u>

Aggregate maturities of all long-term debt relating to the district are as follows:

Calendar Year	Principal	Interest	Totals
2016	\$ 18,450	\$ 3,870	\$ 22,320
2017	18,968	3,352	22,320
2018	19,489	2,831	22,320
2019	20,025	2,295	22,320
2020	20,571	1,749	22,320
2021 - 2022	<u>42,867</u>	<u>1,777</u>	<u>44,644</u>
Totals	<u>\$ 140,370</u>	<u>\$ 15,874</u>	<u>\$ 156,244</u>

NOTE 4 – ADVANCES FROM VILLAGE GENERAL FUND

The Village of Mount Horeb general fund is advancing funds to the district. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. No repayment schedule has been determined for the advance.

NOTE 5 – GUARANTEED REVENUE

The Village has entered into a development agreement with Trollway Shoppes Development Inc. ("the Developer") The agreement guarantees that the Developer shall pay the difference between the guaranteed tax increment and the tax increment actually levied. The guarantee obligation shall terminate when the Village has collected from the tax increment generated from the district or been paid under this agreement the full amount of the project costs of not less than \$175,000.

SUPPLEMENTAL INFORMATION

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015	Totals	Project Plan Estimate
SOURCES OF FUNDS											
Tax increments	\$ -	\$ -	\$ 43,550	\$ 82,781	\$ 39,064	\$ 43,473	\$ 77,357	\$ 91,368	\$ 54,758	\$ 432,351	\$ 2,174,564
Payment in lieu of taxes	-	-	-	-	-	-	-	-	487	487	-
Exempt computer aid	-	-	243	717	1,347	4,338	3,114	3,383	2,669	15,811	-
Investment income	-	1,340	86	132	55	32	53	348	751	2,797	-
Debt issued	-	<u>258,000</u>	-	-	-	-	<u>175,000</u>	-	-	<u>433,000</u>	<u>1,487,000</u>
Total Sources of Funds	-	<u>259,340</u>	<u>43,879</u>	<u>83,630</u>	<u>40,466</u>	<u>47,843</u>	<u>255,524</u>	<u>95,099</u>	<u>58,665</u>	<u>884,446</u>	<u>3,661,564</u>
USES OF FUNDS											
Capital and administration	11,967	237,096	44,106	5,753	2,939	3,146	202,394	3,277	6,671	517,349	1,200,000
Principal on long-term debt	-	-	50,657	49,483	51,018	52,608	54,234	16,664	17,966	292,630	1,487,000
Interest on long-term debt	-	-	<u>5,259</u>	<u>6,433</u>	<u>4,898</u>	<u>3,308</u>	<u>1,696</u>	<u>5,657</u>	<u>4,355</u>	<u>31,606</u>	<u>974,564</u>
Total Uses of Funds	<u>11,967</u>	<u>237,096</u>	<u>100,022</u>	<u>61,669</u>	<u>58,855</u>	<u>59,062</u>	<u>258,324</u>	<u>25,598</u>	<u>28,992</u>	<u>841,585</u>	<u>3,661,564</u>
Excess (deficiency) of sources of funds over uses of funds	(11,967)	22,244	(56,143)	21,961	(18,389)	(11,219)	(2,800)	69,501	29,673	42,861	-
FUND BALANCE (DEFICIT) - Beginning of Period	-	(11,967)	10,277	(45,866)	(23,905)	(42,294)	(53,513)	(56,313)	13,188	-	-
FUND BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (11,967)</u>	<u>\$ 10,277</u>	<u>\$ (45,866)</u>	<u>\$ (23,905)</u>	<u>\$ (42,294)</u>	<u>\$ (53,513)</u>	<u>\$ (56,313)</u>	<u>\$ 13,188</u>	<u>\$ 42,861</u>	<u>\$ 42,861</u>	<u>\$ -</u>

See accountants' compilation report.

**VILLAGE OF MOUNT HOREB
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
DETAILED SCHEDULE OF CAPITAL AND ADMINISTRATIVE EXPENDITURES
From the Date of Creation Through December 31, 2015

	<u>Project Expenditures</u>	<u>Project Plan Estimate</u>
Street reconstruction	\$ 277,549	\$ 350,000
Developer incentives	175,000	400,000
Bike trail bridge rehab	-	250,000
Administration, planning, and mapping	64,800	40,000
General infrastructure improvements	<u>-</u>	<u>160,000</u>
 TOTAL CAPITAL AND ADMINISTRATIVE EXPENDITURES	 <u>\$ 517,349</u>	 <u>\$ 1,200,000</u>